

Montana Agriculture Development Council Minutes
Business Conference Call
Originated from Department of Agriculture
Helena, Montana
February 23, 2012

Members attending in person:

Verges Ageson, Gildford

Members attending by phone:

Ron de Yong, Director of Agriculture, Helena

David Tyler, Chair, Belgrade

Patricia Quisno, Harlem

Bill Koenig, Kalispell

Members absent:

Ervin Schlemmer, Vice-Chair, Joliet

Staff attending in person:

Cort Jensen, Chief Attorney, Montana Department of Agriculture (partial attendance)

Collin Watters, Bureau Chief, Agricultural Marketing and Business Development Bureau

Angie Nelson, Program Manager, Growth Through Agriculture

Lindra Davies, Agriculture Marketing Technician

Staff attending by phone:

Joel Clairmont, Deputy Director, Montana Department of Agriculture

Mark Bisom, Bureau Chief, Trade and International Relations, Montana Department of Commerce

Montana Department of Agriculture staff were available to the Agriculture Development Council (Council) for information purposes.

David Tyler, Chair, called the meeting to order at 7:10 a.m., February 23, 2012

Roll Call/Call for Proxies

- *Monday, February 2nd, a proxy was received from Dore Schwinden, Director of Montana Department of Commerce granting voting authority to Mark Bisom, Bureau Chief, Trade and International Relations, Montana Department of Commerce, who was present by phone as Director Schwinden's representative.*

Business Items

Review of September 6, 2011 Business Teleconference Minutes

Motion: To approve the minutes as presented.

By: Patricia Quisno

2nd: Verges Ageson

Action: The motion carried with no dissenting votes.

Review of September 7 and 8, 2011 Council Meeting Minutes

Motion: To approve the minutes as presented.

By: Ron de Yong

2nd: Patricia Quisno

Action: The motion carried with no dissenting votes.

Financial Review

Angie Nelson, Growth Through Agriculture Program Manager, gave an overview of the financial information to date for SFY2012.

SFY2012 Uncommitted Funds

Angie Nelson asked the Council to consider the reallocation of remaining SFY2012 Growth Through Agriculture funding through June 30, 2012 to go toward the Mini-Grant/Trade Show Assistance Program.

Angie provided an overview of Mini-Grant reports to give the Council an idea of the benefits of the program. She also informed the Council on how the staff works together to support the recipients.

Motion: To accept Angie's Mini-Grant/TSAP proposal as requested.

By: Patricia Quisno

2nd: Verges Ageson

Action: The motion carried with no dissenting votes.

Bill Koenig asked if a list of Mini-Grant recipients and applicants could be provided for Agriculture Development Council meeting scheduled to be held March 13 and 14, 2012.

SFY2013 Funding Request

Angie Nelson asked the Council to authorize funding the Mini-Grant/Trade Show Assistance Program in the amount of \$40,000.00 for SFY2013 from the Growth Through Agriculture Program, beginning July 1, 2012.

Motion: To accept Angie's proposal as requested.

By: Verges Ageson

2nd: Patricia Quisno

Action: The motion carried with no dissenting votes.

Grant/Loan Status Review

Angie Nelson reported on all active accounts as of February 20, 2012. The following list are the active accounts in the process of being reconciled. Angie noted that since the report date a few more payments and reports had been received.

- Grants – Past Due Reporting

- Ingrid's Herbs and Greens – 1150413 – Mini-Grant
The business has not sent a final report that was due December 31, 2011 and a first past due notice has been sent by mail.
- Montana Wagyu Cattle Co., LLC – 1150459
The business has not sent a quarterly report for the period ending January 1, 2012 and a first past due notice was sent by email.

- Loans – Past Due Repayments

- Bighorn Botanicals, Inc. – 0750026
The business lost sales due to FDA inspection issues and as a result were not able to make their last two payments, however a payment was received on February 22, 2012. Currently one payment behind.
- Going to the Sun Fiber Mill, LLC – 0650957
Diana Blair of Going to the Sun Fiber Mill, LLC had agreed to loan payments of \$50.00 a month. A payment was made in November and one in December.

No payments were received in January or February and in an email received from Diana on February 19, 2012 indicated that she intended to send in the late payments. As of February 23, 2012 nothing had been received.

The Council agreed to re-evaluate this issue at a later date.

- Colbry Farm – 0550884
A first past due payment notice was sent on February 6, 2012 and a full payment was received on February 22, 2012.
- Glacier Fresh Orchards and Packing House – 0550868
The business's final payment was due on December 24, 2011. On February 13, 2012 Marcia Zimmerman of Glacier Fresh Orchards and Packing House responded to a past due payment notice by saying that she was sending a check.

To date, a payment had not been received.

Requests

- *Fort Belknap (Little Rockies Meat Packing/Little River Smokehouse) – 0650915*

In an effort to finalize the business's reporting responsibilities so that the project can move forward to apply for another Growth Through Agriculture award, Angie provided them with a bulleted list of specifics for their final report.

Leigha Friedlander of Fort Belknap responded and requested that the Council accept her response as the final report for this project.

Motion: To accept the response as a final report.

By: Bill Koenig

2nd: Verges Ageson

Action: The motion carried with no dissenting votes.

Angie Nelson indicated that from now on she will be requesting a copy of minutes and/or governmental resolution from governmental applicants indicating that they are aware of the application and support it.

Patricia Quisno abstained from voting on this request.

- Pioneer Meats – 1150381

Brian Engle of Pioneer Meats requested that the Council reconsider his request to transform his loan award to a grant. Mr. Engle intends to expand the size of his current facility rather than attempt to purchase the Big Timber facility as originally planned. He feels the loan to grant conversion would assist him in moving forward with the expansion.

During the September 2011 Agriculture Development Council meeting the Council denied Brian Engle's request to allow his loan award of \$30,000.00 be transferred into a grant award. The Council's decision was to defer interest and payment until December 2011. Originally interest and payments were to begin upon execution of Pioneer Meats' contract.

The first loan payment was received in December 2011 as scheduled and monthly payments were also received in January and February.

Motion: To approve Brian Engle's request to transform his loan award to a grant.

By: Bill Koenig

2nd:

Action: The motion failed for lack of a second.

Motion: Forgive payment and interest for one year.

By: Ron de Yong

2nd:

Action: Ron de Yong withdrew his motion.

Motion: Interest only payments for one year from March 2012 through February 2013.

By: Bill Koenig

2nd: Patricia Quisno

Action: The motion carried with no dissenting votes.

Issues

- Montana Mountain Bison - 0650962

Angie Nelson reported that on September 7, 2011, the business paid the outstanding loan balance.

After a site visit was performed by staff, a letter dated September 28, 2011, was sent to the Marquis of Montana Mountain Bison requesting documentation of how GTA funds were expended and a timeline of purchases. They were to also explain reasons for any deviations from their original proposal.

To date a response has not been received.

The Council is in agreement that the next step will be to go forth with a letter requesting that the business provide the requested information or face legal action.

- WEEL (Working for Equality and Economic Liberation) – 1150367 – Mini Grant

Angie reported that she received an email from Jim Barngrover, project coordinator of the Growing Community Project which has been a project of WEEL, to let her know that the AERO (Alternative Energy Resources Organization) is transitioning the WEEL 501 c3 to another organization. It was his assertion that the other organization will be carrying on the work of promoting community gardens through garden development and educational activities in Helena this year.

GTA staff is waiting to hear back from the new organization regarding the legal status of the 501c3 and any proposed change in the scope of work.

- Superior Meats - 0950252

Angie reported that a final report from the business was due August 2010. The quarterly report received April 2011 indicated expenditures of \$26,450.00 of the \$30,000.00 awarded. Gerald Stroot of Superior Meats also reported that the business has been dealing with the hardships of embezzlement and hard economic times but that he was looking forward to his son returning home to help out.

Between February 2011 and February 2012, five past due quarterly report and final report letters have been sent with no returned responses.

Angie attempted to contact Gerald Stroot by phone on February 12, 2012 and left a message with an employee but the message was not returned. She will continue trying to contact Gerald Stroot and provide an update during the March 13 and 14, 2012 meeting.

- Montana Rawhide Branded Meats - 0950257

During the Agriculture Development Council meeting held in September 2011, the Council voted to turn the file to the Department's Legal Counsel, Cort Jensen, for legal action.

- US Omega3 Foods – 0750029 and Montana Food Products – 1050358

Cort Jensen, Chief Legal Counsel, Montana Department of Agriculture contacted Mr. Oberlander of US Omega3 Foods and Montana Food Products by phone January 2012. He subsequently followed up with a letter requesting that he contact Growth Through Agriculture program staff in order to come to a resolution on the outstanding issues.

To date no response has been received.

Motion: To pursue legal action against Mr. Oberlander personally for non-repayment of funds and breach of contract for reporting failures.

By: Patricia Quisno

2nd: Verges Ageson

Action: The motion carried with no dissenting votes.

- Lolo Peak Winery, LLC – 0450811

Cort Jensen, Chief Legal Counsel, reported that he had been in touch with Mark Chapman of Lolo Peak Winery, LLC and his attorney. Mr. Chapman's attorney explained that the Chapman's are bankrupt and that they had invested their total life savings into the business.

Cort further explained that to remove the wine making equipment would cause too much damage structurally to the facility and to the equipment and it's not worth the liability.

Cort recommended that Lolo Peak Winery, LLC's loan award be turned into a grant and that the department not recover the equipment resulting from the award.

Motion: To convert the loan award into a grant and close the file.

By: Patricia Quisno

2nd: Verges Ageson

Action: The motion carried with no dissenting votes.

Updates

Angie Nelson, Growth Through Agriculture program manager reported on the following activities which occurred since the Agriculture Development Council's meeting held in September 2011.

- Sustainable Systems – 0450785, 0350764 and 0250714

The company has been involuntarily dissolved and is therefore inactive. Payments on the company's \$125,715.50 loan award were set to begin March 2011.

A first past due payment notice was sent to Paul Miller of Sustainable Systems but was returned and further attempts to contact Mr. Miller or his attorney also resulted in failure.

Cort Jensen, Department legal counsel, reported that he remains in pursuit of legal action if the company once again begins business activities in Montana.

- Crossbow Corporation – 0850124

The company has been sued by the Department and they were served at the end of July 2011.

The Department's legal counsel, Cort Jensen, reported that a default judgment has been placed on the company as they did not respond to the notice to appear in court.

- Agriculture in Montana Schools – 0550851

Lorri Brenneman, Agriculture Literacy Specialist for the Department, completed the project for Agriculture in Montana Schools and submitted the final report in January 2012.

Department staff still need to review the report before the file can be officially closed but an initial brief review indicated that the report was satisfactory.

- Woolly Bugger Studios, Inc. dba Laurin Schoolhouse Creamery – 0950204, 0950205, and 1050326

Lark Smotherman of Woolly Bugger Studios announced that she had purchased the facility they had been pursuing will be able to go forth with her project with the purchase of a facility that will house her cheese making business.

- Great Northern Pasta Company – 1250514

Jeff Russell of Great Northern Pasta Company indicated that he was not able to secure sufficient funding to carry out the proposed project.

GTA funding was contingent upon Mr. Russell's ability to secure additional funding. Therefore the \$45,000 award was not provided and those funds will be available for the next round of funding.

- Bob Quinn/Quinn Farm and Ranch – 1250507

Mr. Quinn sent word that since the Growth Through Agriculture loan was awarded circumstances changed for him. He is no longer in need of the award to carry out the project for MSU Northern. His current equipment including what MSU-N has available will meet the needs for the project.

The funds of \$15,000.00 will be available for the next round of funding.

- Mission Mountain Laboratory, Inc. – 1150376

The laboratory has been relocated from a 600 square foot facility in Arlee to a 2,000 square foot facility south of Arlee just off of Highway 93. The new facility offers room to expand in the future.

A quarterly report was due October 31, 2011 and a quarterly and final report was due January 31, 2012.

A past due notice was sent requesting a response by February 17, 2012. As of February 17th a response has not been received.

Contract Change Requests Allowed Without Full Council Action

Angie Nelson informed the Council of the following requests that were approved without full Council action as a result of determinations made between herself and David Tyler, Council Chairman.

- Montana Cattleman's Association – 1050355

A one year extension was approved to complete their project.

- Bear Paw Development Corporation - 1050359

An extension through July 31, 2012 was approved to complete their project.

- Kootenai Cannery - 1250516

Their request to accept previous expenditures to meeting their matching requirement was approved.

- Healthy Pantry - 1250515

The business was allowed their request for a match budget change.

- Mountain View Gardens – 0950233

The request for a budget reallocation was approved.

- Vassallo Foods dba Country Foods (Country Pasta) - 0950253

An extension through July 2012 was approved to complete their reports.

- Montana Farmers Union – 1150486 – Mini Grant

An extension through June 2013 was approved to complete their final report.

- Wildwood Brewing – 0950175

An extension to January 2013 was approved to complete their reports.

- Miller Colony – 1150383 and 1150390

A six month extension was approved to complete their reports.

- Mission Mountain Laboratory, Inc. – 1150376

An extension through February 2012 was approved to complete their reports.

Motion: To approve the allowed requests.

By: Bill Koenig

2nd: Verges Ageson

Action: The motion carried with no dissenting votes.

Other Requests

Angie Nelson informed the Council of the following request that was approved without full Council action as a result of determination made by Ron de Yong, the Director of the Department of Agriculture.

- Montana Hog Marketing Association

The group was allowed their request to submit an application after the January 31, 2012 deadline.

Electronic Grants Management System Update:

As this is the first round of funding for applicants who applied online, Angie provided feedback she gathered from them.

All feedback has been positive and some good suggestions were offered to make the system even more user friendly.

Angie also announced that Mini Grant applications can also now be filled out and submitted online as well and that contracts and payments have been processed using the new system.

Next Council Meeting

The Agriculture Development Council meeting is scheduled to be held March 13 and 14, 2012.

Other Business

David Tyler, Chair, called for other business.

Next Application Deadline

Angie Nelson asked the Council to suggest a date for the next application deadline. Her recommendation was to set the next deadline for September 14, 2012 and hold the next meeting the second or third week of October.

The Council will discuss this further during the next Agriculture Development Council meeting scheduled to be held March 13 and 14, 2012.

Other Updates

- Gold Country Mushroom

Angie reported that she learned that Larry and Ruth Rohde of Gold Country Mushroom decided to sell their business and go into semi-retirement.

- Wee Chef, LLC 1150425

Angie reported that she learned that Todd and Becky Horning of Wee Chef, LLC are selling their business and have moved out of their current location.

An email from Erin Barbee has indicated her interest in buying the business and applying for GTA funding.

Public Comments

David Tyler, Chair, called for public comments. No public comments were presented.

Adjourn

Motion: To adjourn the meeting.

By: Patricia Quisno

2nd: Verges Ageson

Action: The motion carried with no dissenting votes.

David Tyler, Chair, adjourned the meeting at 9:00 a.m., February 23, 2012.

Respectfully submitted by Lindra Davies